

## Message Text

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17

ACTION AF-07

INFO OCT-01 EUR-12 ISO-00 ARA-06 EA-06 NEA-06 RSC-01 IO-10

AGR-05 AID-05 CIAE-00 COME-00 EB-07 FRB-01 INR-05

NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04

SIL-01 OMB-01 NSC-05 SS-15 STR-01 CEA-01 L-02 H-01

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FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 7041

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LIMITED OFFICIAL USE DAR ES SALAAM 4074

E.O.11652: N/A

TAGS : EPAP, XJ, TZ

SUBJECT : INTER-AFRICAN COFFEE ORGANIZATION (IACO)

ANNUAL MEETING IN DAR ES SALAAM

POUCHED TO: ABIDJAN, ACCRA, ADDIS ABABA, BANGUI, BUJUMBURA, CONAKRY, COTONOU, FREETOWN, KIGALI, KINSHASA, LAGOS, LIBREVILLE, LOME, MONROVIA, NAIROBI, TANANARIVE, YAOUNDE

1. ANNUAL MEETING OF IACO CONCLUDED IN DAR ES SALAAM WITH DISCUSSIONS, APART FROM ADMINISTRATIVE MATTERS, RANGING OVER FOLLOWING SUBJECT.

A) NEW HEADQUARTERS - MOST CONTENTIOUS ITEM ON AGENDA OF IACO MEETING WAS PROPOSAL TO MOVE IACO HEADQUARTERS FROM PARIS TO AFRICAN CITY. SOME OF THE CITIES MOST SERIOUSLY DISCUSSED WERE ABIDJAN, MOSHI (TANZANIA), BANGUI, KAMPALA AND ADDIS. NO DECISION TAKEN ALTHOUGH ONLY FIRST FOUR CITIES WERE LISTED IN FINAL COMMUNIQUE AS "BEST CHOICES FOR IACO HEADQUARTERS". TANZANIA PRESSED ITS CASE ON

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GROUNDS MOSHI NOT NATIONAL CAPITAL AND TANZANIA, AS PRO-

DUCER OF BOTH ROBUSTA AND ARABICA, FAVORED NEITHER WING OF IACO. PRIVATELY, DELEGATES ADMITTED ABIDJAN HAD INSIDE TRACK AS THE LEADING IACO CONTRIBUTOR.

B) RETENTION SYSTEM - FINAL COMMUNIQUE OF MEETING NOTED THAT ONE ROUTE TO IMPROVE MARKET CONDITIONS "IS TO COOPERATE ACTIVELY AMONG THE PRODUCERS GROUP IN ORDER TO REINFORCE THE RETENTION SYSTEM." MAKULE, TANZANIAN DELEGATE AND CHAIRMAN TANGANYIKA COFFEE BOARD TOLD EMBOFF THAT DISCUSSION FOCUSED ON INCORPORATING RETENTION SYSTEM INSIDE FINANCIAL INSTITUTION WHICH IACO WOULD ESTABLISH. BANK WOULD SERVE ESSENTIALLY AS VEHICLE TO FINANCE STOCKS BEING WITHHELD FROM MARKET BY IACO COUNTRIES AND THESE STOCKS WOULD SERVE AS COLLATERAL. MAKULE HINTED THAT ARABS MIGHT BEAPPROACHED TO PARTICIPATE IN FINANCING BANK. IN ANY CASE IACO HAS AUTHORIZED STUDY TO BE MADE OF PROPOSAL TO NEXT YEAR'S GENERAL ASSEMBLY. FINAL COMMUNIQUE SUGGESTED THAT BANK WOULD ALSO SERVE TO FINANCE INDUSTRIAL PROJECTS TO PERMIT MEMBER STATES PROCESS THEIR COFFEE BEYOND THE RAW MATERIAL STAGE.

C) NEW COFFEE AGREEMENT - CONFERENCE EXPRESSED SUPPORT FOR EARLY START ON NEW NEGOTIATIONS LEADING TO NEW INTERNATIONAL COFFEE AGREEMENT WITH ECONOMIC PROVISIONS. NO FIRM TIMETABLE FOR DRAFTING AGREEMENT WAS OFFERED. APPARENTLY THERE WAS CONSIDERABLE FRUSTRATION REGARDING THE FOOT-DRAGGING LATIN AMERICANS. BRAZIL AND COLOMBIA WERE SINGLED OUT FOR SPECIAL CRITICISM -- PARTICULARLY THE FORMER FOR NEGOTIATING SPECIAL CONTRACTS WITH CONSUMING COUNTRIES.

D) KENYA - DURING MEETING KENYA ANNOUNCED THAT IT WISHED TO CAST ASIDE ITS OBSERVER STATUS IN IACO AND BE ADMITTED AS FULL MEMBER. MAKULE ATTRIBUTES KENYA'S INTEREST IN REJOINING IACO AS PROOF THAT ORGANIZATION SLOWLY INCREASING ITS USEFULNESS AFTER REACHING NADIR IN LATE SIXTIES. KENYA, WHEN APPLYING FOR MEMBERSHIP, INVITED NEXT YEAR'S IACO CONFERENCE TO BE HELD IN NAIROBI AND OFFER WAS ACCEPTED.

2. TANZANIAN MINISTER OF AGRICULTURE (MUNGAI) WAS ELECTED IACO CHAIRMAN FOR COMING YEAR WITH CONGOLESE COMMERCE MINISTER BONIFACE MATINGOU ELECTED HIS DEPUTY. BOARD OF DIRECTORS TO COMPRIZE LIMITED OFFICIAL USE

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CAMEROON, IVORY COAST, UGANDA, TANZANIA, SIERRA LEONE, RWANDA, ZAIRE. LIBERIA WILL BE AUDITOR.

3. AS MIGHT HAVE BEEN EXPECTED, MUNGAI USED IACO FORUM AS ANOTHER OPPORTUNITY TO PUSH THE TANZANIAN LINE THAT PROBLEMS OF DECLINING TERMS OF TRADE BETWEEN DC'S AND LDC'S COULD BE RESOLVED BY PRODUCERS OF COMMODITIES, LIKE COFFEE, FORMING CARTELS SIMILAR TO OPEC.

CARTER

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## Message Attributes

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